



State of North Dakota
Office of State Tax Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0599

1996

North Dakota Individual Income Tax Instructions

Are you using the right form?

If not,
you may be paying
too much
tax!

See the Tax
Commissioner's
letter for more
information.

Dear Taxpayer:

This booklet contains your 1996 North Dakota individual income tax instructions. As you prepare your return, please note the following:

- **Are you using the right form?** - I cannot overemphasize the importance of choosing the right form to file. You have a choice of filing Form 37-S (Short Form) or Form 37 (Long Form). Your choice is not dependent on the form you file for federal income tax purposes. **Form 37-S and Form 37 are governed by different law provisions, have different tax rates, and will generate different tax liabilities. If you use the wrong form, you may pay too much tax.**

I urge you to check out both forms. Please note that over 90% of all current filers use Form 37-S because it generates the lowest tax for them. If you use the services of a tax preparer, share this letter with your preparer.

- **Attach a copy of your federal return** - By law, you must attach a copy of your federal income tax return to your North Dakota income tax return. If you used the IRS's TeleFile system to file your federal return, attach a copy of the Federal TeleFile Worksheet to your North Dakota return to satisfy this requirement.
- **Are you expecting a refund?** - Prepare your return carefully and file early. By completing an accurate return and filing as soon as you can, we will be able to do a better job for you and get your refund to you more quickly.
- **Need assistance?** - If, after carefully reading the instructions in this booklet, you still have questions about completing your North Dakota income tax return, please see the back cover of this booklet for taxpayer assistance information.

Your honesty and willingness in filing your return is appreciated by the people of North Dakota. Thank you!

Bob Hanson
TAX COMMISSIONER

North Dakota Individual Income Tax Important Reminders

- Rounding of figures is permitted on either form being filed except for the computation of tax, or for any credits or withholding being claimed on the State return.
- If another person completes your return, please provide this booklet to the preparer so that the pre-addressed label, forms, and envelope can be used by the preparer.
- Attach a complete copy of your Federal return to the back of Form 37-S or Form 37. For this purpose, the Federal TeleFile Worksheet will be accepted as a Federal return.
- Keep a copy of your return for your records.
- Incomplete returns will not be accepted but will be returned to the taxpayer for completion.

Obtaining Information About Your Return

Income tax information that you provide to the Office of State Tax Commissioner is protected by the confidentiality provisions of the law. Therefore, the Office of State Tax Commissioner generally will not provide income tax information over the telephone because of the difficulty in confirming a caller's identity. However, you may submit a written request to obtain information about your return, check on your refund or estimated tax payments, or obtain other income tax information that is available only to you. A written request must contain: (1) Your name and current address; (2) Your social security number; (3) A daytime telephone number; (4) A description of the information desired; (5) The tax year for which the information is desired; and, (6) Your signature. Please allow six weeks after you file your return before inquiring about your refund.

PRIVACY ACT INFORMATION - In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of the individual's social security number on this form is mandatory and is required under Subsections 1 and 7 of North Dakota Century Code § 57-38-31. An individual's social security number is used as an identification number by the Office of State Tax Commissioner for file control purposes, recordkeeping, and for crosschecking the taxpayer's files with the Internal Revenue Service.

Message To North Dakota Taxpayers Regarding North Dakota Use Tax Payable

If, in 1996, you purchased goods and did not pay state or city sales or use tax on that purchase and if you used those goods in North Dakota, please contact the North Dakota Sales and Special Taxes Division toll free at **1-800-638-2901** to receive a form on which you must remit North Dakota use tax (and applicable city use tax) on the purchase price including shipping and handling costs.

WHAT IS USE TAX?

Use tax is imposed on the privilege of using merchandise in North Dakota. Use tax applies to all goods used in North Dakota that are normally subject to sales tax, if the full sales tax rate was not charged at the time of purchase. Use tax protects in-state businesses from the unfair competition of out-of-state businesses that may sell goods tax free. It also assures fairness to the North Dakota residents who have purchased similar goods within the state and paid the state sales tax.

WHY AM I HEARING ABOUT USE TAX?

North Dakota use tax law has been in existence since 1939 and applies to individuals as well as businesses. Large growth in the direct marketing industry (catalog, television shopping channels, internet, direct 800 phone numbers, etc.) has made compliance with the use tax law very important. Some estimates calculate that North Dakota loses from six to ten million dollars per year in uncollected sales taxes on direct marketing goods ordered by residents of this state.

HOW IS USE TAX APPLIED?

Example 1: You purchased sporting goods from an out-of-state direct marketing company. North Dakota sales tax was not included in the price you paid. You owe use tax on the purchase price of the goods including all shipping and handling costs.

Example 2: During your vacation to Montana, you purchased a new camera without paying sales tax (Montana has no sales tax). The camera was brought back to your residence in North Dakota. Because no sales tax was paid on the camera, you owe use tax on the purchase price.

Are You Using The Right Form?

If not, you may be paying too much income tax. North Dakota income tax law provides for two methods of calculating an income tax liability. You may use either Form 37-S (Short Form) or Form 37 (Long Form). Your choice of Form 37-S or Form 37 is **not** dependent on the form you file for federal income tax purposes or on whether you are a resident or nonresident of North Dakota.

Form 37-S and Form 37 are governed by different law provisions, have different tax rates, and will generate different tax liabilities. You should use the form that generates the lowest tax liability for you. The only way you'll know for sure if you're using the right form is to compute the tax on both forms and compare the amount on line 12, Form 37-S to the amount on line 14, Form 37. Note that more than 90% of all filers use Form 37-S because it generates the lowest tax for them.

Are You Expecting A Refund?

Generally, a refund is issued within 2-3 weeks after receipt of your return. However, a preparation error or other problem with the return may delay your refund.

The status of your refund, and any other information about your return, is protected by the confidentiality provisions of the law. Therefore, the Office of State Tax Commissioner generally will not provide information about a refund over the telephone because of the difficulty in confirming a caller's identity. However, you may submit a written request to obtain information about your refund. A written request must contain: (1) Your name and current address; (2) Your social security number; (3) A daytime telephone number; (4) A description of the information desired; (5) The tax year for which the information is desired; and, (6) Your signature.

Please allow six weeks after you file your return before inquiring about your refund.

Property Tax Relief For Seniors and Disabled Person

A homeowner or renter who is either 65 years of age or is permanently and totally disabled is eligible for property tax relief if the 1996 income from all sources including social security and retirement benefits does not exceed \$13,500.00. Medical expenses that are not reimbursed are allowed as a deduction when calculating the annual income.

A homeowner who may qualify should apply by February 1 to the city or township assessor or the county director of tax equalization in the county courthouse. A qualifying homeowner receives a credit on the property tax on his or her homestead residence.

A renter who qualifies can receive a refund of part of the rent that represents property taxes on rented living quarters. To request an application for the renter's refund, call the Office of State Tax Commissioner. The telephone number in the Bismarck-Mandan area is 328-3141, or toll free in North Dakota, 1-800-638-2901, extension 8-3141.

State of North Dakota
1996 Individual Income Tax Instructions

General Information

Who Must File A Return

Full-Year Resident

If you were a North Dakota resident for the entire tax year and you are required to file a Federal individual income tax return, you must file a North Dakota individual income tax return. This applies even though you worked outside North Dakota (including employment overseas) during the tax year.

Resident military personnel - If you are a North Dakota resident serving in the U.S. Armed Forces, this resident filing requirement applies even though you were stationed outside North Dakota (including overseas duty) during the tax year.

Full-Year Nonresident

If you were a nonresident of North Dakota for the entire tax year, you must file a North Dakota individual income tax return if (1) you derived any gross income from North Dakota sources during the tax year and (2) you are required to file a Federal individual income tax return.

Gross income from North Dakota sources. For a full-year nonresident, "gross income from North Dakota sources" includes (1) compensation for services performed in this State, e.g., wages, tips, commissions, and fees, (2) income from tangible property located in this State, e.g., rents, royalties, and gain from sale or exchange of such property, (3) income from a trade or business carried on in this State, including interest, dividends, and gain from sale or exchange of intangible property received by the trade or business that are allocable and apportionable to this State, and (4) income from gambling activity carried on in this State.

Except for interest, dividends, and gain from sale or exchange of intangible property allocable and apportionable to this State by a trade or business, "gross income from North Dakota sources" for a full-year nonresident does not include military pay, interest, dividends, pensions, annuities, gain from sale or exchange of intangible property, or compensation for services performed in this State by an individual who performs regularly assigned duties in more than one state for a railroad or other interstate motor carrier (as defined by Federal law in 49 U.S.C. 11504).

Nonresident military personnel - If you are a nonresident of North Dakota serving in the U.S. Armed Forces and you are stationed in North Dakota, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was compensation for military service.

Minnesota or Montana resident - If you are a Minnesota resident, you do not have to file a North Dakota individual income tax return if (1) your only gross income from North Dakota sources was compensation for personal or professional services and (2) you retained a home in Minnesota and customarily returned to that home at least once a month. If you are a Montana resident, you do not have to file a North Dakota individual income tax return if your only gross income from North Dakota sources was wages. (See also **RECIPROCITY** on page 3 of these instructions.)

Nonresident alien - If you are a nonresident alien of the United States who derived any gross income from North Dakota sources, you must file a North Dakota individual income tax return. North Dakota is not a party to any income tax treaty between the United States and any other country; therefore, the provisions of foreign income tax treaties do not apply for North Dakota income tax purposes. As a result, you may have to pay North Dakota income tax even though you may not have to pay U.S. income tax.

If you are required to file a North Dakota return, you must obtain Federal Form 1040NR from the U.S. Internal Revenue Service and complete it as instructed; however, disregard any instruction which allows you to exclude income under

a foreign income tax treaty. Write "PRO FORMA RETURN FOR ND PURPOSES" at the top of the Form 1040NR. The amounts from this (pro forma) Form 1040NR will be used to complete the North Dakota return.

The instructions in this booklet and the instructions on the North Dakota returns do not contain line references to Federal Form 1040NR; however, a guideline is available that provides the proper line references and other procedures for preparing the North Dakota return. To obtain the guideline, see the back cover of this booklet.

Individual Who Changed Residence During Tax Year

If you changed your residence to or from North Dakota during the tax year, you must file a North Dakota individual income tax return if (1) you are required to file a Federal individual income tax return **AND** (2) you derived gross income from any source (inside or outside North Dakota) during the part of the tax year you were a resident of North Dakota **OR** you derived gross income from North Dakota sources during the part of the tax year you were a nonresident of North Dakota.

Gross income from North Dakota sources. For an individual who changed residence to or from North Dakota during the tax year, "gross income from North Dakota sources" is defined the same as for a full-year nonresident, with the following modifications:

- Include compensation for services (including military service) received during the part of the tax year that you were a resident of North Dakota. This applies even though the services were performed outside North Dakota or the services were performed while a nonresident of North Dakota.
- Include compensation for services (including military service) performed during the part of the tax year that you were a resident of North Dakota. This applies even though the compensation is received during the part of the tax year that you were a nonresident of North Dakota or the services were performed outside North Dakota.
- Include interest, dividends, pensions, annuities, gain from the sale of intangible property, and any other type of income received during the part of the tax year that you were a resident of North Dakota. This applies even though the source of the income is outside North Dakota.

Filing procedures for individuals who changed residence to North Dakota.

If you changed your residence from another state to North Dakota and you are required to file a North Dakota individual income tax return, you may prepare the North Dakota return in one of the following ways:

- **Resident Method.** Check the "Resident" block at the top of the return. Complete the return according to the instructions for resident filers. Do not exclude any non-North Dakota income. After computing a tax on your entire income for the year, complete Schedule 4 to compute a credit for income tax paid to any other state or states. The credit is subtracted from the tax to determine your net tax liability for North Dakota purposes.
- **Nonresident Method.** Check the "Nonresident" block at the top of the return. Complete Schedule NR (on page 11 of this booklet). Complete the return according to the instructions for nonresident filers.

Filing procedures for individuals who changed residence from North Dakota.

If you changed your residence from North Dakota to another state and you are required to file a North Dakota individual income tax return, you must (1) check the "Nonresident" block at the top of the return, (2) complete Schedule NR (on page 11 of this booklet), and (3) complete the return according to the instructions for nonresident filers.

American Indian

If you are an American Indian, you are not subject to North Dakota income tax if you (1) are an enrolled member of a tribe, (2) live on the Indian reservation where enrolled, and (3) derive all of your income from sources on the Indian reservation where enrolled.

If you are not enrolled with any tribe or do not live on the Indian reservation where enrolled, you are subject to North Dakota's income tax laws. Even though you do live on the Indian reservation where enrolled, you are subject to North Dakota income tax on income from non-reservation sources in North Dakota.

Estimated Income Tax

You must pay estimated 1997 North Dakota income tax on the proper form (400-ES) if **ALL** four of the following conditions apply:

1. You are required to pay estimated 1997 Federal income tax;
2. Your net tax liability for 1996 was \$200 or greater (If no return was required for 1996, your net tax liability is zero for this purpose, and no estimates are required);
3. You expect to owe, after subtracting your North Dakota income tax withholding, at least \$200 in tax for 1997; **AND**
4. You expect your North Dakota income tax withholding for 1997 to be less than the smaller of: (a) 90% of the net tax liability on your 1997 North Dakota return or (b) 100% of the net tax liability on your 1996 North Dakota return. **Exception to condition 4(b):** If you moved into North Dakota during the 1996 tax year, part (b) of condition 4 does not apply.

The due dates for making payments of estimated North Dakota income tax are the same as those for making payments of estimated Federal income tax.

If you paid estimated North Dakota income tax for 1996, a 1997 North Dakota Form 400-ES will be mailed to you. If you did not pay estimated income tax for 1996 but you are required to do so for 1997, you must obtain the 1997 North Dakota Form 400-ES. (See the back cover of this booklet.)

Amended Returns

An amended return is filed to correct a previously filed return. You have three years from the due date of your original return or the date you actually filed your original return, whichever date is later, in which to file an amended return to apply for a refund of an overpayment. Contact the Office of State Tax Commissioner for other time periods that may apply in case of a net operating loss carryback, a nonresident whose principal place of managing a business is outside North Dakota, a 25% overstatement of taxable income or tax liability, or an IRS audit.

If you file an amended Federal return, or if the Internal Revenue Service makes any changes to your Federal return, you must file an amended North Dakota return within ninety days after filing the amended Federal return or receiving notification of changes made by the IRS. If you do not report such changes within ninety days, the time period for making an assessment will not expire.

How to prepare an amended return: If you need to file an amended return, do the following: (1) Obtain either Form 37-S or Form 37 for the appropriate tax year from the Office of State Tax Commissioner; (2) Check the "Amended return" block at the top of the return; (3) Enter your name, social security number, etc., and be sure to use your current mailing address; (4) Using the correct information, complete the return through the net tax liability line; (5) Enter the net tax liability from your original return or, if your original net tax liability was previously

adjusted by you or this office, the revised net tax liability in the block normally reserved for the entry for estimated payments; (6) Complete the remaining lines on the return according to the instructions; however, you cannot increase or decrease the amounts for the contributions or the amount applied to next year's estimated tax; and (7) Attach a copy of your amended Federal return, Federal audit report, or other information explaining the reason for amending your State return.

Reciprocity

North Dakota has income tax reciprocity agreements with the States of Minnesota and Montana.

North Dakota resident - If you are a North Dakota resident who (1) earned compensation for personal or professional service performed in Minnesota and returned to your home in North Dakota at least once per month or (2) earned wages for working in Montana, this income is exempt from that State's tax because of the reciprocity agreement. If your employer withheld Minnesota or Montana tax from your wages that qualify for exemption under reciprocity, you may get a refund by filing a return with that State. For assistance and forms, write to the Minnesota Dept. of Revenue, Taxpayer Information Division, St. Paul, MN 55146-4450, or to the Montana Dept. of Revenue, Income Tax Division, Mitchell Bldg., Helena, MT 59604. **If your wages qualify for reciprocity treatment and you do not want your employer to withhold Minnesota or Montana tax from them, you must give your employer a properly completed Minnesota Form MW-R or Montana Form NR-2.**

Minnesota or Montana resident - If you are (1) a Minnesota resident who earned compensation for personal or professional services performed in North Dakota and returned to your home in Minnesota at least once per month or (2) a Montana resident who earned wages for working in North Dakota, this income is exempt from North Dakota tax because of the reciprocity agreement. If your employer withheld North Dakota tax from your wages that qualify for exemption under reciprocity, you may get a refund by filing either Form 37-S or Form 37 and Schedule NR. **If your wages qualify for reciprocity treatment and you do not want your employer to withhold North Dakota tax from them, you must give your employer a properly completed Form NDW-R.**

Extension Of Time For Filing Return

If you are required to file a North Dakota individual income tax return and you do not file that return on or before the due date, you will be regarded as a delinquent filer unless you have obtained a Federal or State extension of time to file. If you obtain a Federal extension of time within which to file your Federal income tax return, your Federal extension will be accepted for North Dakota purposes.

If you did not obtain a Federal extension, you may obtain a State extension by completing Form F-101 and filing it with the Office of State Tax Commissioner prior to the due date of your return. Do not request a State extension unless you can show good cause for needing one. Inability to pay your tax due will not be accepted as good cause, and a State extension will not be granted if that is the only reason for requesting it.

If either a Federal or State extension is applied for and approved, check the "Extension form attached" block at the top of the return, and attach a copy of either the Federal or State extension form to the return. Extension interest at the rate of 12% per annum is charged from the original due date of your return to the date the tax is paid or the extended due date, whichever is earlier.

Where To Get Forms And Assistance

If you need additional forms or have questions, see the back cover of this booklet for:

- Telephone numbers
- Address
- Schedules of walk-in service locations

When And Where To File Return

A return for the calendar year 1996 must be filed on or before April 15, 1997. Taxpayers on a fiscal year basis must file on or before the 15th day of the fourth month following the close of the fiscal year. The return must be filed with the **Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505-0550.**

Which Form To Use

North Dakota law provides two methods of computing the State individual income tax. You may use either Form 37-S (Short Form) or Form 37 (Long Form). To determine which form is best for you, calculate the tax on both forms and compare the amount on line 12, Form 37-S to the amount on line 14, Form 37. File the form showing the smaller amount.

The majority of taxpayers will benefit by using Form 37-S; however, there are certain deductions and credits that are allowed only on Form 37. Every taxpayer, whether a resident or nonresident, who is required to file a North Dakota individual income tax return can use either Form 37-S or Form 37.

Information Required On Either Form 37-S (Short Form) or Form 37 (Long Form)

If you are filing a fiscal year return, enter the fiscal period at the top of the return. If you are a calendar year filer, do not enter a date. Please transfer the preprinted label from the cover of this booklet to the return before you mail it to this office. Use of this preprinted label will help us to identify your return and will allow us to process your return quicker.

If you do not have the preprinted label, please follow these instructions: Print your full name. If this is a joint return, also print the full name of your spouse. Enter your complete mailing address. Enter your social security number. If you are married, also enter the social security number of your spouse.

Filing Status

Your filing status (i.e., Single, Married filing joint return, etc.) for North Dakota income tax purposes must be the same as the filing status you used for Federal income tax purposes.

Exception — In the case of married persons, where one spouse is a North Dakota resident and the other spouse is a nonresident of North Dakota, the "Married filing separately" filing status must be used for North Dakota income tax purposes even though the "Married filing a joint return" filing status was used for Federal income tax purposes. **If this exception applies, you must complete Schedule SF before you attempt to complete either Form 37-S or Form 37. See "Where To Get Forms And Assistance" on the back cover of this booklet to obtain Schedule SF.**

Filing Category

If you were a resident of North Dakota for the entire tax year, check the "Resident" block. If you were not a resident of North Dakota for any part of the tax year, check the "Nonresident" block. If you moved into North Dakota during the tax year (where the move constituted a change in your legal residence), see **"Filing procedures for individuals who changed residence to North Dakota"** under **"Individual Who Changed Residence During Tax Year"** on page 2 of these instructions for information on which filing category to use. If you moved out of North Dakota during the tax year (where the move constituted a change in legal residence), check the "Nonresident" block.

Amended/Extension Checkoffs

Do not check either of these blocks unless it applies to you. See **"Amended Returns"** and **"Extension Of Time For Filing Return"** on page 3 of these instructions for more information.

School District Code

North Dakota law requires each person who files a North Dakota individual income tax return to identify the school district in which the person resided during the tax year. Using the list on page 12 of these instructions, enter your school district code number on the return.

Income Source Code

Using the following list, select the area that most appropriately describes the type of activity from which you derive the majority of your income. Select by general work area regardless of your specific occupation or employment relationship within the area. Enter your income source code number on the return.

- | | |
|-----------------------------|--|
| <input type="checkbox"/> 1 | Farming, ranching, or agricultural production |
| <input type="checkbox"/> 2 | Retail, wholesale trade, and eating and drinking places |
| <input type="checkbox"/> 3 | All government service |
| <input type="checkbox"/> 4 | Education, public and private |
| <input type="checkbox"/> 5 | Services, including hotels, motels, personal and business services, accounting, legal, entertainment, health, and miscellaneous services |
| <input type="checkbox"/> 6 | Construction |
| <input type="checkbox"/> 7 | Manufacturing |
| <input type="checkbox"/> 8 | Transportation, communication, and public utilities |
| <input type="checkbox"/> 9 | Exploration, development, and extraction of coal, crude oil, and natural gas |
| <input type="checkbox"/> 10 | Finance, banking, insurance, and real estate |
| <input type="checkbox"/> 11 | Military |
| <input type="checkbox"/> 12 | Retirement |

Instructions For Form 37-S (Short Form)

Before you attempt to complete Form 37-S, see "**Which Form To Use**" and "**Information Required On Either Form 37-S (Short Form) Or Form 37 (Long Form)**" on page 4 of these instructions.

Line 1. Enter on this line your federal income tax liability from your federal income tax return as follows:

- If you used **Federal Form 1040EZ**, enter amount from line 10
- If you used **Federal Form 1040A**, enter amount from line 23
- If you used **Federal TeleFile Worksheet**, enter amount from line J (the "Tax" box)
- If you used **Federal Form 1040**, enter the amount determined using the following table:

A. Enter amount from line 38, Form 1040	_____
B. Enter amount from line 48, Form 1040	_____
C. Enter amount of I.R.C. § 72(m)(5) excess benefits tax included on line 51, Form 1040	_____
D. Enter amount from line 46, Form 1040	_____
E. Enter amount of investment tax credit included on line 42, Form 1040	(_____)
F. Subtract Line E from Line D	_____
G. Add Lines A, B, C and F and enter result	_____
H. Enter amount of credit for prior year minimum tax included on line 42, Form 1040	(_____)
I. Subtract Line H from Line G . Enter this amount on line 1, Form 37-S	=====

Line 3. Residents Only — Enter on this line interest income from U.S. obligations and other U.S. Government securities exempt from state income tax. Unless you have identified the specific securities (e.g., "U.S. Savings Bond") on the appropriate schedule of your federal income tax return (and attached the schedule to your North Dakota return), you must attach a separate schedule to your North Dakota return on which you identify the individual securities from which the interest is derived. (See page 9)

Also enter on this line dividend income from a regulated investment company (mutual fund) to the extent attributable to the mutual fund's investment in U.S. obligations and other U.S. Government securities exempt from state income tax. Unless you have provided the name of the mutual fund and the percentage of income from the qualifying securities on the appropriate schedule of your federal income tax return, you must attach a copy of the year-end statement from the mutual fund (or your broker) or a separate schedule showing this information to your North Dakota return.

Line 4. Nonresidents Only — If you checked the "Nonresident" block at the top of Form 37-S, you must complete **Schedule NR** on page 11 of these instructions to determine the amount, if any, that can be entered on this line. **It is important that you read the instructions to line 26, Schedule NR before you make any entry on this line. Schedule NR must be attached to Form 37-S.** If you checked the "Resident" block at the top of Form 37-S, do not make an entry on this line.

Line 5. Enter on this line the following items only:

- Income earned by an American Indian while living and working on the Indian reservation where enrolled. (See page 3)
- Payments received from the U.S. Railroad Retirement Board which are included in Federal adjusted gross income. **Attach copy of Federal Form RRB-1099, RRB-1099-R, or both.**

Line 11. Enter on this line the amount from Line 7, Schedule 4. If you checked the "Nonresident" block at the top of Form 37-S, do not make an entry on this line.

Line 17. If the amount on line 16 is \$5.00 or more, you may elect to credit all or part of the overpayment to your 1997 estimated income tax. Once you elect to apply part or all of your overpayment to your 1997 estimated income tax, it can only be claimed as a credit on your 1997 North Dakota income tax return.

Lines 18 and 19. If the amount on line 16 is \$5.00 or more, you may make a voluntary contribution of part or all of your overpayment to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. A contribution must be at least \$1.00 and will reduce the amount of the overpayment refunded to you.

Lines 22 and 23. If the amount on line 21 is \$5.00 or more, you may make a voluntary contribution to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. A contribution must be at least \$1.00 and will increase the balance due that you must pay.

Line 24. The balance due (including any amount from Line 25) must be paid in full when the return is filed. Payment should be made by check or money order payable to the "**State Tax Commissioner.**" Do not send cash or stamps. If the amount on line 21 is \$5.00 or more and if you chose to make a contribution to the Nongame Wildlife Fund (on line 22) and/or the Centennial Tree Trust Fund (on line 23), you must pay the balance due in full to get credit for your contribution(s).

Penalty and interest provisions — If a return is timely filed but the tax due (on line 21) is not paid in full with the return, or if a return is not filed by the due date and there is a tax due, a penalty of 5% of the tax due or \$5.00, whichever is greater, must be paid. Also, an interest charge of 1% per month or a fraction of a month (excepting the month in which the return was due) of the tax due must be paid.

Line 25. Interest is charged for underpayment of estimated North Dakota income tax. To determine if you owe interest for 1996, obtain and complete Form 400-UT. Enter on this line the amount, if any, from line 17, Form 400-UT. Any amount on this line will reduce your overpayment on line 16 or will increase your balance due on line 24. If there is no overpayment or balance due on your individual income tax return and if the amount due on your Form 400-UT is at least \$5.00, enclose a check or money order for the amount due on Form 400-UT with your return.

Before you mail your return to us, be sure to:

- **Sign and date return. If joint return, both spouses must sign.**
- **Attach a copy of all of your Form W-2s. Also attach a copy of any Form 1099 which shows North Dakota income tax withholding.**
- **Attach a complete copy of your Federal income tax return. For this purpose, the Federal TeleFile Worksheet will be accepted as a Federal return.**
- **Enclose your check or money order payable to the "State Tax Commissioner."**

Mail your return to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, North Dakota 58505-0550.

Instructions For Form 37 (Long Form)

Before you attempt to complete Form 37, see "**Which Form To Use**" and "**Information Required On Either Form 37-S (Short Form) Or Form 37 (Long Form)**" on page 4 of these instructions.

Complete Form 37 (Long Form) as follows:

First, complete the top of page 1, Form 37 as instructed on page 4 of this booklet.

Second, complete either Schedule 2 or Schedule 3 as follows:

- **Resident** - If you checked the "Resident" block under **Filing Category** at the top of page 1 of Form 37, you must complete Schedule 2 on page 2 of Form 37. The instructions for Schedule 2 are found below.

- **Nonresident** - If you checked the "Nonresident" block under **Filing Category** at the top of page 1 of Form 37, you must complete Schedule NR on page 11 of this booklet before completing Schedule 3. The instructions to Schedule NR are found on page 10 of this booklet, and the instructions to Schedule 3 are found on the reverse side of the schedule.

Third, complete the Tax Computation Schedule on page 1 of Form 37. The instructions to this schedule are found on page 8 of this booklet.

Instructions For Schedule 2 — Resident Filers

Line 2. Except for interest from obligations of the State of North Dakota or its political subdivisions, enter on this line interest income on state and local government obligations which is exempt from Federal income tax.

Line 3. State and local income taxes deducted on Schedule A (Form 1040) are not deductible for North Dakota income tax purposes and must be entered on this line. If you itemized deductions for federal income tax purposes on Schedule A, Form 1040, and if a portion of your itemized deductions was disallowed because your federal adjusted gross income exceeded \$117,950 (\$58,975 if married filing separately), complete the following schedule:

1. Amounts of state and local taxes from line 5, Schedule A (Form 1040) _____
2. Amount from line 3 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
3. Divide line 1 by line 2 (round to nearest whole percentage) _____%
4. Amount from line 9 of Federal Itemized Deductions Worksheet in Form 1040 instructions _____
5. Multiply line 4 by the percentage on line 3 _____
6. Line 1 minus line 5 (enter on line 3, Schedule 2, Form 37) _____

Line 4. Lump Sum Distributions - If you receive a lump sum distribution from a qualified retirement plan and elected to report the income on Federal Form 4972, you must enter on this line all income reported on Federal Form 4972.

Line 7. Enter on this line interest income from U.S. obligations and other U.S. Government securities exempt from state income tax. Unless you have identified the specific securities (e.g., "U.S. Savings Bond") on the appropriate schedule of your federal income tax return (and attached the schedule to your North Dakota return), you must attach a separate schedule to your North Dakota return on which you identify the individual securities from which the interest is derived. (See page 9)

Also enter on this line dividend income from a regulated investment company (mutual fund) to the extent attributable to the mutual fund's investment in U.S. obligations and other U.S. Government securities exempt from state income tax. Unless you have provided the name of the mutual fund and the percentage of income from the qualifying securities on the appropriate schedule of your federal income tax return, you must attach a copy of the year-end statement from the mutual fund (or your broker) or a separate schedule showing this information to your North Dakota return.

Military Exclusions (Lines 8-10)

The exclusions on lines 8, 9, and 10 below are allowed to the extent the compensation or retirement pay is included in Federal taxable income (Line 1, Schedule 2). In addition, the total of lines 8 and 9 may not exceed the total active duty military compensation received.

Line 8. You may enter on this line up to \$1,000 of compensation received for active duty service in the U.S. Armed Forces, or up to \$1,000 of compensation received for attending periodic training for drill and instruction as a member of the National Guard or of a reserve unit of the U.S. Armed Forces.

Line 9. If you are stationed outside the United States (including the District of Columbia) for at least 30 days, you may enter on this line up to \$300 of compensation received for active duty service in the U.S. Armed Forces for each month (or fraction of a month) you are stationed outside the United States. Field grade and general officers are not eligible for this exclusion.

Line 10. If you receive military retirement benefits for service in the U.S. Armed Forces (including the Coast Guard), or any of its reserve components, and you are at least 50 years old, you may enter on this line the lesser of (1) the total amount of taxable military retirement benefits reduced by any social security retirement benefits received or (2) \$5,000 reduced by any social security retirement benefits received.

Line 11. If you receive retirement benefits from the Federal Government, the North Dakota city firemen's relief associations, the North Dakota city policemen's pension funds, or the North Dakota highway patrolmen's retirement system, you may enter on this line the lesser of (1) the total amount of taxable retirement benefits reduced by any social security retirement benefits received or (2) \$5,000 reduced by any social security retirement benefits received.

_____ Beginning Farmer Deductions (Lines 12-14) _____

To qualify for the deductions on lines 12, 13, and 14, a "beginning farmer" statement must be completed and attached to your return. A "beginning farmer" guideline and the "beginning farmer" statement can be obtained from the Office of State Tax Commissioner.

Line 12. You may enter on this line for State income tax purposes all of the interest income received from the contractual sale to a "beginning farmer," of 80 acres or more of land, to be used for agricultural purposes.

Line 13. You may enter on this line for State income tax purposes rental income received from 20 acres or more of land leased for agricultural purposes to a "beginning farmer." The amount of exclusion is limited to the actual net rental income or \$25,000, whichever is less, received during the tax year.

Line 14. You may enter on this line for State income tax purposes the taxable portion of the income reported on your Federal income tax return which was received from the sale to a "beginning farmer," of 20 or more acres of land, to be used for agricultural purposes.

Line 15. You may enter on this line interest income received from a financial institution located in North Dakota. This deduction is limited to \$300 (\$600 if married filing a joint return).

_____ Beginning Businessman Deductions (Lines 16-18) _____

To qualify for the deductions on lines 16, 17, and 18, a "beginning businessman" statement must be completed and attached to your return. A "beginning businessman" guideline and the "beginning businessman" statement can be obtained from the Office of State Tax Commissioner.

Line 16. You may enter on this line for State income tax purposes all of the interest income received from the contractual sale of a revenue-producing enterprise to a "beginning businessman."

Line 17. You may enter on this line for State income tax purposes rental income received from the leasing of a revenue-producing enterprise to a "beginning businessman." The amount of exclusion is limited to the actual net rental income or \$25,000, whichever is less, received during the tax year.

Line 18. You may enter on this line for State income tax purposes the taxable portion of the income reported on your Federal income tax return which was received from the sale of a revenue-producing enterprise to a "beginning businessman."

Line 19. Dividends received by an individual may not be taxable in North Dakota if they are received from any corporation which has paid North Dakota corporate income tax under the North Dakota Century Code ch. 57-38 or from any bank, trust company, or building and loan association which has paid tax under the North Dakota Century Code chs. 57-35, 57-35.1, or 57-35.2. Dividends received from companies doing business both in and out of North Dakota must be prorated. The maximum amount which may be excluded is the lesser of the actual dividends received or \$15,000.

Line 20. Enter the amount of the investment in a venture capital corporation. This deduction is limited to \$5,000 for any person or \$10,000 if a joint return is filed. **Attach a copy of the Venture Capital Corporation Investment Reporting Form.**

Line 21. You may enter on this line those medical expenses that were not allowed on Schedule A, Form 1040, because of the 7 1/2% Federal limitation. Do not make an entry on this line if you did not itemize deductions for Federal tax purposes.

Line 23. You may enter on this line the following items only:

- Income earned by an American Indian while living and working on an Indian reservation where enrolled. See **American Indian** on page 3 of these instructions.
- Payments from the U.S. Railroad Retirement Board which are included in Federal adjusted gross income. **Attach copy of Federal Form RRB-1099, RRB-1099-R, or both.**
- \$1,000 for adopting a child under the age of 21, provided the child qualifies as a dependent on your Federal income tax return and the adoption became final this year.
- Up to \$1,000 of the costs of adopting a child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your Federal income tax return and the adoption became final this year.
- \$750 for each adopted child under the age of 21 who is mentally retarded, or is blind or disabled as determined under Title XVI of U.S. Social Security Act, provided the child qualifies as a dependent on your Federal income tax return.
- Gain recognized on the sale of property due to the exercise of eminent domain.
- Net income exempt from income tax under N.D.C.C. ch. 40-57.1.
- Gain exempt from income tax under N.D.C.C. § 57-38-01.18.
- State and local income tax refunds reported as income on your 1996 federal income tax return, provided you filed a Form 37 (Long Form) for the year in which you (1) paid and deducted the state and local income taxes on your federal return and (2) added the state and local income taxes back into your income for North Dakota purposes.

DO NOT ENTER ON LINE 23 INCOME DERIVED FROM OUT-OF-STATE SOURCES.

Line 26. Enter on this line the federal income tax as follows:

- If you used **Form 1040EZ**, enter line 10 **less** line 8
- If you used **Form 1040A**, enter line 25 **less** line 29c
- If you used **Form 1040**, enter line 44 **plus** line 41 **plus** line 48 **plus** any Section 72(m)(5) excess benefits tax and recapture taxes included on line 51 **less** line 54
- If you used **TeleFile Worksheet**, enter amount from line J (the "Tax" box) **less** line K

Line 28. Enter the total of lines 7 through 19 **plus** line 23; however, do not include any of the adjustments for adopted children or the deduction for state and local income tax refunds claimed on line 23.

Note: The Tax Computation Instructions For Form 37 Are Found On Page 8 Of This Booklet.

Instructions For Tax Computation Schedule (Front of Form 37)

Lines 3 and 4. If you made a charitable contribution during the year to a nonprofit private institution of higher and/or secondary education (see qualifying schools below), enter on the appropriate line the lesser of (1) 50% of the contribution, (2) 40% of the tax on line 2, or (3) \$250. You have until the due date (or extended due date) of your return to make a contribution. **Attach a copy of a receipt or a canceled check (front and back).**

Higher Education

- | | |
|--|---|
| 1. University of Mary,
Bismarck, ND | 3. Trinity Bible College,
Ellendale, ND |
| 2. Jamestown College,
Jamestown, ND | 4. North Dakota Independent
College Fund |

Secondary Education

- | | |
|--|--|
| 1. St. Mary's Central High School,
Bismarck, ND | 6. Bishop Ryan High School,
Minot, ND |
| 2. Dickinson Trinity High School,
Dickinson, ND | 7. Dakota Center School,
Minot, ND |
| 3. Shanley High School,
Fargo, ND | 8. Shiloh Christian School,
Bismarck, ND |
| 4. Oak Grove Lutheran High School,
Fargo, ND | 9. Dakota Adventist Academy,
Bismarck, ND |
| 5. Our Redeemer's Christian,
Minot, ND | 10. Johnson Corners Christian Academy,
Watford City, ND |

Line 5. If you own a long-term care insurance policy for yourself, your spouse, or your parent or stepparent, enter the lesser of (1) 25% of the premiums paid during the year or (2) \$100. **Attach a statement showing date of purchase, name of insurance company, name and number of policy, and total premiums paid during the year.**

Line 6. If you installed a geothermal, solar, or wind energy device in a building or on other property you own that is located in North Dakota, enter 5% of the acquisition and installation costs. The credit is available for three years starting with the year in which the device is completely installed. **Attach a statement showing costs of acquisition and installation, and the date when the device was completely installed.**

If you paid wages to a developmentally disabled or chronically mentally ill employee, enter 5% of the first \$6,000 of wages paid during the first twelve months of employment for each qualified employee. The credit is limited to 50% of the tax on line 2. Only wages actually paid during the year may be considered. **Attach a statement showing name, social security number, and wages paid to each qualifying employee.**

If you installed equipment on a North Dakota licensed motor vehicle that modifies the vehicle to operate on alternative fuels, enter 10% of the cost of the equipment, up to a maximum credit of (1) \$200 for a vehicle weighing 10,000 pounds or less or (2) \$500 for a vehicle weighing over 10,000 pounds. "Alternative fuels" means natural gas, compressed natural gas, liquefied petroleum gas, liquefied natural gas, hydrogen, electricity, and any other fuel consisting of at least 85% methanol, ethanol, or other alcohol, ether, or combination thereof. **Attach a statement showing date of installation; make, model, year, and gross weight of vehicle; cost of equipment; and type of alternative fuel.**

Line 8. If you completed Schedule 4, enter the amount from line 7 of that schedule. If you checked "Nonresident" under **Filing Category** at the top of Form 37, do not make an entry on this line.

Line 10. If you made an investment in a venture capital corporation, enter the lesser of (1) 25% of the amount invested during the year or (2) \$250,000. If the credit exceeds your tax, the excess may be carried forward up to seven years. **Attach a copy of the Venture Capital Corporation Investment Reporting Form.**

Line 11. If you made a qualifying investment in the North Dakota Small Business Investment Company, a North Dakota Limited Partnership, enter 25% of the amount invested. If the credit exceeds your tax, the excess may be carried forward up to seven years. **Attach a copy of the North Dakota SBIC Investment Reporting Form.**

Line 12. If you made an investment in a certified nonprofit development corporation, enter the lesser of (1) 25% of the amount invested during the year or (2) \$2,000. If the credit exceeds your tax, the excess may be carried forward up to seven years. **Attach a copy of the Certified Nonprofit Development Corporation Investment Reporting Form.**

Line 13. If you made an investment in a business certified by the Director of Economic Development and Finance as a qualifying business for purposes of the seed capital investment credit, enter your allowable credit on this line. To determine your allowable credit, see the explanation of the credit on the reverse side of the Seed Capital Investment Reporting Form that you received from the qualified business when you made your investment. **Attach a copy of the Seed Capital Investment Reporting Form.**

Line 19. If the amount on line 18 is \$5.00 or more, you may elect to credit part or all of the overpayment to your 1997 estimated income tax. Once you elect to apply part or all of your overpayment to your 1997 estimated income tax, it can only be claimed as a credit on your 1997 North Dakota income tax return.

Lines 20 and 21. If the amount on line 18 is \$5.00 or more, you may make a voluntary contribution of part or all of your overpayment to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. Please note that any contribution must be at least \$1.00 and that the contribution will reduce your refund.

Lines 24 and 25. If the amount on line 23 is \$5.00 or more, you may make a voluntary contribution to the **Nongame Wildlife Fund** and/or the **Centennial Tree Trust Fund** by entering on the appropriate line the amount you wish to contribute to either or both funds. Please note that any contribution must be at least \$1.00 and that the contribution will increase your balance due.

Line 26. The balance due (including any amount from Line 27) must be paid in full when the return is filed. Payment should be made by check or money order payable to the "State Tax Commissioner." Do not send cash or stamps. If the amount on line 23 is \$5.00 or more and if you chose to make a contribution to the Nongame Wildlife Fund (on line 24) and/or Centennial Tree Trust Fund (on line 25), you must pay the balance due in full to get credit for your contribution(s).

Penalty and interest provisions - If a return is timely filed but the tax due (on line 23) is not paid in full with the return, or if a return is not filed by the due date and there is a tax due, a penalty of 5% of the tax due or \$5.00, whichever is greater, must be paid. Also, an interest charge of 1% per month or a fraction of a month (excepting the month in which the return was due) of the tax due must be paid.

Line 27. Interest is charged for underpayment of estimated North Dakota income tax. To determine if you owe interest for 1996, obtain and complete Form 400-UT. Enter on this line the amount, if any, from line 17, Form 400-UT. Any amount entered on this line will reduce your overpayment on line 18 or will increase your balance due on line 26. If there is no overpayment or balance due on your individual income tax return and if the amount due on Form 400-UT is at least \$5.00, enclose a check or money order for the amount due on Form 400-UT with your return.

Before you mail your return to us, be sure to:

- **Sign and date return. If joint return, both spouses must sign.**
- **Attach a copy of all of your Form W-2s. Also attach a copy of any Form 1099 which shows North Dakota income tax withholding.**
- **Attach a complete copy of your Federal income tax return. For this purpose, the Federal TeleFile Worksheet will be accepted as a Federal return.**
- **Enclose your check or money order payable to the "State Tax Commissioner."**

Mail your return to the Office of State Tax Commissioner, State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0550.

**Sources Of Exempt And Nonexempt Interest Income
For Purposes Of The Adjustment For Interest From U.S. Obligations**

Important

This list is dependent upon Federal law and, in some cases, an interpretation of Federal law, and is therefore subject to change. This list is not all-inclusive. If you have a question about other sources of interest income, you may write to the Office of State Tax Commissioner.

Interest income from the following sources is exempt from North Dakota income tax by reason of Federal statute and, to the extent included in Federal adjusted gross income, may be entered on Line 3, Form 37-S or Line 7, Schedule 2, Form 37:

Banks for Cooperatives	General Insurance Fund (Dept. of HUD)
Commodity Credit Corporation	Production Credit Associations
Federal Deposit Insurance Corporation	Student Loan Marketing Association
Federal Farm Credit System	Tennessee Valley Authority
Federal Home Loan Banks	U.S. Postal Service
Federal Intermediate Credit Banks	U.S. Savings Bonds
Federal Land Banks	U.S. Treasury Bills
Federal Savings and Loan Insurance Corporations	U.S. Treasury Notes

Interest income from the following sources is NOT exempt from North Dakota income tax because Federal law does not specifically exempt the interest income from state taxation or the Federal Government is not obligated to pay the interest:

Asian Development Bank	Government National Mortgage Association
Building and Loan Associations	(Ginnie Mae)
Environmental Financing Authority	Inter-American Development Bank Bonds
Federal Home Loan Mortgage Corporation	International Monetary Fund and Bank for
Federal National Mortgage Association	Reconstruction and Development (World
(Fannie Mae)	Bank)
Federal or State Savings and Loan Association	Jonathan Development Corporation
	R.F.K. Stadium Bonds

Interest received in the following instances is NOT exempt:

- On refunds of Federal income taxes
- On refunds of state or local income taxes
- Under repurchase agreements

Instructions For Schedule NR

If you are required to file as a nonresident (because you were a nonresident of North Dakota for the entire year or you moved out of North Dakota during the year), or if you moved into North Dakota during the year and elect to file as a nonresident, you must complete Schedule NR before completing either Form 37-S or Form 37. Schedule NR is used to determine the part of your Federal adjusted gross income that is reportable to North Dakota. Attach Schedule NR to your North Dakota return.

- First, complete **Column A** by entering the amounts from your Federal return on the appropriate lines of Schedule NR.
- Second, complete **Column B** according to the specific instructions below.
- Third, complete **Column C** by entering the portion of the amounts from Column A that are not reportable to North Dakota.

IMPORTANT: THE INSTRUCTIONS TO LINES 1 THROUGH 24 APPLY ONLY TO COLUMN B.

Line 1. Enter wages, salaries, tips, commissions, bonuses, and other forms of compensation received for services performed in North Dakota. Also, if you moved into or out of North Dakota during the year, enter compensation received for work performed outside North Dakota during the period of North Dakota residence.

Minnesota or Montana residents. Do not enter in Column B compensation that qualifies for reciprocity treatment; instead, enter it in Column C. See page 3 of this booklet for more information.

Interstate commerce employees. If you performed regularly assigned duties in more than one state for a railroad or other interstate motor carrier (as defined by Federal law in 49 U.S.C. 11504), and you were a nonresident of North Dakota for the entire tax year, do not enter compensation for duties performed in North Dakota; however, if you moved into or out of North Dakota during the year, enter compensation received during the period of North Dakota residence.

Lines 2 through 5. If you separately reported on your Federal return any interest and/or dividend income from a partnership or Subchapter S corporation doing business in North Dakota, enter your share of this income that is allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

Except for interest and dividend income described above, if you were a nonresident of North Dakota for the entire year, do not make an entry on these lines; however, if you moved into or out of North Dakota during the year, enter interest (except interest on U.S. obligations) and dividends received during the period of North Dakota residence.

Line 6. If you operated a business entirely within North Dakota, enter the entire net income or loss. If you operated a business partly within North Dakota, enter the net income or loss attributable to North Dakota.

Lines 7 and 8. Enter net gains or losses from sales or exchanges of *tangible* property located in North Dakota. Also, if you moved into or out of North Dakota during the year, enter net gains or losses from sales or exchanges of *tangible* property located outside North Dakota where the recognition of the gain or loss for tax purposes occurs during the period of North Dakota residence.

Enter net gains or losses from sales or exchanges of *intangible* property used in a trade or business operated in North Dakota. Also, if you moved into or out of North Dakota during the year, enter all net gains or losses from sales or exchanges of *intangible* property where the recognition of the gain or loss for tax purposes occurs during the period of residence.

If you separately reported on your Federal return any net gain or loss from a partnership or Subchapter S corporation doing business in North Dakota, enter your share of the net gain or loss allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

Lines 9 and 10. If you were a nonresident of North Dakota for the entire year, do not make an entry on these lines. However, if you moved into or out of North Dakota during the year, enter the amount received during the period of North Dakota residence.

Line 11. Enter net income or loss from leasing tangible property located in North Dakota, and net income or loss from an interest in oil, coal, or other

mineral property located in North Dakota. Also, if you moved into or out of North Dakota during the year, enter net income or loss derived from all lease or mineral property (regardless of the location of the property) during the period of North Dakota residence.

If you own an interest in a partnership or Subchapter S corporation that operates entirely within North Dakota, enter your entire share of the ordinary income or loss. If you own an interest in a multistate partnership or Subchapter S corporation, enter your share of the ordinary income or loss allocated and apportioned to North Dakota by the partnership (on North Dakota Form 58) or the Subchapter S corporation (on North Dakota Form 60).

If you are a beneficiary of an estate or trust that derived income from North Dakota sources, enter your share of the North Dakota income received from the estate or trust; however, do not include interest, dividends, pensions, or annuities. Also, if you moved into or out of North Dakota during the year, enter your share of all income (except interest on U.S. obligations) received from the estate or trust during the period of North Dakota residence.

Note: Attach a schedule separately identifying each source of North Dakota income, the general location of rental or mineral property located in North Dakota, and the name and federal identification number of each partnership, Subchapter S corporation, estate or trust doing business in or having income from North Dakota sources.

Line 12. If you operated a farm or ranch entirely within North Dakota, enter the entire net income or loss. If you operated a farm or ranch partly within North Dakota, enter the net income or loss attributable to North Dakota.

Line 13. Enter amount received from North Dakota. Also, if you moved into or out of North Dakota during the year, enter the amount received from sources outside North Dakota during the period of North Dakota residence.

Line 14. If you were a nonresident of North Dakota for the entire tax year, do not make an entry on this line. However, if you moved into or out of North Dakota during the year and you received social security benefits during the period of North Dakota residence, divide the taxable part of your social security benefits (on your Federal return) by the total social security benefits (on your Federal return) to compute the percentage of your social security benefits that are taxable. Multiply the percentage times the total social security benefits received during the period of North Dakota residence and enter the result.

Line 15. Enter the portion of any other income which has its source in North Dakota. Include income from gambling in North Dakota. Also, if you moved into or out of North Dakota during the tax year, enter any income received from sources outside North Dakota during the period of North Dakota residence.

Lines 17 through 24. Enter amounts directly related to North Dakota income. An IRA deduction must be based on the ratio of North Dakota earned income to total earned income. If you moved into North Dakota during the year, enter the amount of your moving expenses; however, if you were a nonresident of North Dakota for the entire year or you moved out of North Dakota during the year, do not enter your moving expenses. A deduction for self-employment tax, self-employed health insurance premiums, and Keogh and SEP contributions must be based on the ratio of North Dakota self-employment income to total self-employment income. A deduction for penalty on early withdrawal is allowed only if the related interest income is reported to North Dakota. A deduction for alimony is allowed for the portion paid during the period of North Dakota residence.

Line 26. The amount in Column A must equal your Federal adjusted gross income. The amounts in Columns B and C must add up to Column A.

If you file Form 37-S, enter the amount from Column C, Schedule NR, on line 4, Form 37-S. However, if the amount in Column C is less than zero AND the amount in Column B is greater than zero, do not make an entry on line 4, Form 37-S; instead, you must contact the Office of State Tax Commissioner to obtain Schedule 7 which must be completed before completing Form 37-S.

If you file Form 37, enter the amount from Column A, Schedule NR, on line 1, Column A, Schedule 3, Form 37. Enter the amount from Column B, Schedule NR, on line 1, Column B, Schedule 3, Form 37.

- This schedule must be completed prior to completing Form 37-S or Form 37
- Attach this schedule to Form 37-S or Form 37
- Please make a copy of this schedule for your records

Name(s): _____ Social Security Number: _____

If you moved into or out of North Dakota during 1996, enter dates you were a resident of North Dakota -

From: _____ To: _____

Column A — Complete this column first by entering the amounts from your Federal return.

Column B — Complete this column next according to the specific line instructions found on page 10.

Column C — Complete this column last by entering the amounts from Column A that are not reportable to North Dakota.

Please Read The Instructions On Page 10 Before Completing This Schedule.		COLUMN A FEDERAL RETURN	COLUMN B NORTH DAKOTA SOURCES	COLUMN C NON-NORTH DAKOTA SOURCES
1. Wages, salaries, tips, etc.	1			
2. Taxable interest	2			
3. Dividend income	3			
4. Taxable refunds, credits, or offsets of state and local income taxes	4			
5. Alimony received	5			
6. Business income or (loss) (Schedule C or C-EZ, Form 1040)	6			
7. Capital gain or (loss) (Schedule D, Form 1040)	7			
8. Other gains or (losses) (Form 4797)	8			
9. Taxable amount of IRA distributions	9			
10. Taxable amount of pensions and annuities	10			
11. Rental real estate, royalties, partnerships, S corporations, estates, trusts, etc. (Sch. E, Form 1040)	11			
12. Farm income or (loss) (Schedule F, Form 1040)	12			
13. Unemployment compensation	13			
14. Taxable amount of social security benefits	14			
15. Other income	15			
16. Total income (Add Lines 1 through 15)	16			
Adjustments to Income				
17. Your IRA deduction	17			
18. Spouse's IRA deduction	18			
19. Moving Expenses (Form 3903 or 3903-F)	19			
20. One-half of self-employment tax	20			
21. Self-employed health insurance deduction	21			
22. Keogh and self-employed SEP plans	22			
23. Penalty on early withdrawal of savings	23			
24. Alimony paid	24			
25. Total adjustments (Add Lines 17 through 24)	25			
26. Adjusted gross income (Line 16 less Line 25)	26			

**Instructions For Transferring Information From
Schedule NR To Either Form 37-S Or Form 37:**

If you file Form 37-S:

Enter the amount from line 26, Column C on line 4, Form 37-S. However, if the amount on line 26, Column C is less than zero AND the amount on line 26, Column B is greater than zero, do not make an entry on line 4, Form 37-S; instead, you must contact the Office of State Tax Commissioner to obtain Schedule 7 which must be completed before completing Form 37-S.

If you file Form 37:

- Enter the amount from line 26, Column A on line 1, Column A, Schedule 3, Form 37.
- Enter the amount from line 26, Column B on line 1, Column B, Schedule 3, Form 37.

North Dakota law requires that the income tax form must contain a method for the taxpayer to identify the school district in which he or she resides. A five-digit code number has been assigned to each school district. Find the code number opposite the name of the city and school district. Enter the code number in the block provided for this purpose on Form 37-S or Form 37. NOTE: If you did not reside in North Dakota during the tax year, enter the code number 54-000.

School District	School District	Code	School District	School District	Code	School District	School District	Code			
Address	District	No.	Address	District	No.	Address	District	No.			
Adams	ND	Adams 128	50-128	Halliday	ND	Halliday 19	13-019	Oriska	ND	Oriska 13	02-013
Alexander	ND	Alexander 2	27-002			Twin Buttes 37	13-037	Osnabrock	ND	Osnabrock 1	10-001
Almont	ND	Sims 8	30-008	Hankinson	ND	Hankinson 8	39-008	Page	ND	Page 80	09-080
Amidon	ND	Central Elem. 32	44-032	Hannaford	ND	Hannaford 22	20-022	Park River	ND	Park River 78	50-078
Anamoose	ND	Anamoose 14	25-014	Harvey	ND	Harvey 38	52-038	Parshall	ND	Parshall 3	31-003
Argusville	ND	Cass Valley N 76	09-076	Hatton	ND	Hatton 7	49-007	Pembina	ND	Pembina 1	34-001
Arthur	ND	Dakota 3	09-003	Hazleton	ND	Haz-Mof-Brad 6	15-006	Pettibone	ND	Pettibone-Tuttle 11	22-011
Ashley	ND	Ashley 9	26-009	Hazen	ND	Hazen 3	29-003	Pingree	ND	Pingree Buchanan 10	47-010
Baldwin	ND	Baldwin 29	08-029	Hebron	ND	Hebron 13	30-013	Plaza	ND	Plaza 137	31-137
Beach	ND	Beach 3	17-003	Hettinger	ND	Hettinger 13	01-013	Pollock	SD	Union 12	15-012
Belcourt	ND	Belcourt 7	40-007	Hillsboro	ND	Hillsboro 9	49-009	Powers Lake	ND	Powers Lake 27	07-027
Belfield	ND	Belfield 13	45-013	Hoople	ND	Valley 12	34-012	Ray	ND	Nesson 2	53-002
Berthold	ND	Berthold 54	51-054	Hope	ND	Hope 10	46-010	Reeder	ND	Reeder 3	01-003
Beulah	ND	Beulah 27	29-027	Hurdsfield	ND	Pleasant Valley 35	52-035	Regan	ND	Regan 2	08-002
Binford	ND	Midkota 7	20-007	Inkster	ND	Midway 128	18-128	Regent	ND	Regent 14	21-014
Bisbee	ND	W Central 2	48-002	Jamestown	ND	Jamestown 1	47-001	Rhame	ND	Rhame 17	06-017
Bismarck	ND	Bismarck 1	08-001	Kenmare	ND	Kenmare 28	51-028	Richardton	ND	Richardton 4	45-004
		Naughton 25	08-025	Kensal	ND	Kensal 19	47-019	Robinson	ND	Robinson 14	22-014
		Apple Creek 39	08-039	Killdeer	ND	Killdeer 16	13-016	Rock Lake	ND	N Central 28	48-028
		Manning 45	08-045	Kindred	ND	Kindred 2	09-002	Rogers	ND	N Central 65	02-065
Bottineau	ND	Bottineau 1	05-001	Kulm	ND	Kulm 7	23-007	Rolette	ND	Rolette 29	40-029
Bowbells	ND	Bowbells 14	07-014	Lakota	ND	Lakota 66	32-066	Rolla	ND	Mt. Pleasant 4	40-004
Bowdon	ND	Bowdon 23	52-023	LaMoure	ND	LaMoure 8	23-008	Roseglen	ND	White Shield 85	28-085
Bowman	ND	Bowman 1	06-001	Langdon	ND	Langdon 23	10-023	Rugby	ND	Rugby 5	35-005
		Sheets 14	44-014	Lankin	ND	Lankin 39	50-039	Sawyer	ND	Sawyer 16	51-016
Butte	ND	Butte 62	28-062	Lansford	ND	Lansford 35	05-035	Scranton	ND	Scranton 33	06-033
Buxton	ND	Central Valley 3	49-003	Larimore	ND	Larimore 44	18-044	Selfridge	ND	Selfridge 8	43-008
Calvin	ND	Border Central 14	10-014	Leeds	ND	Leeds 6	03-006	Sheldon	ND	Sheldon 2	37-002
Cando	ND	Southern 8	48-008	Lehr	ND	Lehr 10	26-010	Sherwood	ND	Sherwood 2	38-002
Carrington	ND	Carrington 10	16-010	Lidgerwood	ND	Lidgerwood 28	39-028	Sheyenne	ND	Sheyenne 12	14-012
Carson	ND	Roosevelt 18	19-018	Lignite	ND	Burke Central 36	07-036	Sidney	MT	Earl 18	27-018
Cartwright	ND	Horse Creek 32	27-032	Linton	ND	Linton 36	15-036			Bowline Butte 19	27-019
Casselton	ND	Central Cass 17	09-017	Lisbon	ND	Lisbon 19	37-019	Solen	ND	Solen 3	43-003
Cavalier	ND	Cavalier 6	34-006	Litchville	ND	Litchville 52	02-052	South Heart	ND	South Heart 9	45-009
Center	ND	Center 18	33-018	Maddock	ND	Maddock 9	03-009	Spiritwood	ND	Spiritwood 26	47-026
Colfax	ND	Richland 44	39-044	Makoti	ND	N Shore 158	51-158	St. Anthony	ND	Little Heart 4	30-004
Cooperstown	ND	Cooperstown 18	20-018	Mandan	ND	Mandan 1	30-001	St. John	ND	St. John 3	40-003
Crosby	ND	Divide County 1	12-001			Sweet Briar 17	30-017	St. Thomas	ND	St. Thomas 43	34-043
Des Lacs	ND	United 7	51-007	Mandaree	ND	Mandaree 36	27-036	Stanley	ND	Stanley 2	31-002
Devils Lake	ND	Devils Lake 1	36-001	Mantador	ND	Mantador 5	39-005	Stanton	ND	Stanton 22	29-022
Dickinson	ND	Dickinson 1	45-001	Manvel	ND	Manvel 125	18-125	Starkweather	ND	Starkweather 44	36-044
Dodge	ND	Dodge 8	13-008	Mapleton	ND	Mapleton 7	09-007	Steele	ND	Steele-Dawson 26	22-026
Drake	ND	Drake 57	25-057	Marion	ND	Marion 9	23-009	Sterling	ND	Sterling 35	08-035
Drayton	ND	Drayton 19	34-019	Marmarth	ND	Marmarth 12	44-012	Strasburg	ND	Strasburg 15	15-015
Driscoll	ND	Driscoll 36	08-036	Max	ND	Max 50	28-050	Surrey	ND	Surrey 41	51-041
Dunseith	ND	Dunseith 1	40-001	Mayville	ND	May Port CG 14	49-014	Sykeston	ND	Sykes 39	52-039
Edgeley	ND	Edgeley 3	23-003	McClusky	ND	McClusky 19	42-019	Tappen	ND	Tappen 28	22-028
Edinburg	ND	Edinburg 106	50-106	McKenzie	ND	McKenzie 34	08-034	Taylor	ND	Taylor 3	45-003
Edmore	ND	Edmore 2	36-002	McLeod	ND	Salund 10	37-010	Thompson	ND	Thompson 61	18-061
Egeland	ND	E Central 12	48-012	McVile	ND	Dakota Prairie 1	32-001	Tioga	ND	Tioga 15	53-015
Elgin	ND	Elgin 16	19-016	Medina	ND	Medina 3	47-003	Tower City	ND	Maple Valley 4	09-004
Ellendale	ND	Ellendale 40	11-040	Medora	ND	Billings Co. 1	04-001	Towner	ND	Newport 4	25-004
Emerado	ND	Emerado 127	18-127	Menoken	ND	Menoken 33	08-033	Trenton	ND	Eight Mile 6	53-006
Enderlin	ND	Enderlin 22	37-022	Milnor	ND	Milnor 2	41-002	Turtle Lake	ND	Turtle Lake Mercer 72	28-072
Fairmount	ND	Fairmount 18	39-018	Milton	ND	Milton 30	10-030	Tuttle	ND	Tuttle-Pettibone 20	22-020
Fairview	MT	Yellowstone 14	27-014	Minnewaukan	ND	Minnewaukan 5	03-005	Underwood	ND	Underwood 8	28-008
Fargo	ND	Fargo 1	09-001	Minot	ND	Minot 1	51-001	Upham	ND	Upham 29	25-029
Fessenden	ND	Fessenden 40	52-040			Nedrose 4	51-004	Valley City	ND	Valley City 2	02-002
Finley	ND	Finley Sharon 19	46-019			Bell 10	51-010	Velva	ND	Velva 1	25-001
Flasher	ND	Flasher 39	30-039			Eureka 19	51-019	Verona	ND	Verona 11	23-011
Fordville	ND	Fordville 79	50-079			S Prairie 70	51-070	Wahpeton	ND	Wahpeton 37	39-037
Forman	ND	Sargent Central 6	41-006			Air Force Base 160	51-160	Walhalla	ND	Walhalla 27	34-027
Ft. Ransom	ND	Ft. Ransom 6	37-006	Minto	ND	Minto 20	50-020	Warwick	ND	Warwick 29	03-029
Ft. Totten	ND	Ft. Totten 30	03-030	Mohall	ND	Mohall 9	38-009	Washburn	ND	Washburn 4	28-004
Ft. Yates	ND	Ft. Yates 4	43-004	Montpelier	ND	Montpelier 14	47-014	Watford City	ND	McKenzie Co 1	27-001
Gackle	ND	Gackle-Streeter 56	24-056	Mott	ND	Mott 6	21-006	West Fargo	ND	West Fargo 6	09-006
Garrison	ND	Garrison 51	28-051	Munich	ND	Munich 19	10-019	Westhope	ND	Westhope 17	05-017
Glen Ullin	ND	Glen Ullin 48	30-048	Napoleon	ND	Napoleon 2	24-002	Wildrose	ND	Wildrose-Alamo 91	53-091
Glenburn	ND	Glenburn 26	38-026	Nash	ND	Nash 51	50-051	Williston	ND	Williston 1	53-001
Golden Valley	ND	Golden Valley 20	29-020	Neche	ND	Neche 55	34-055			New 8	53-008
Golva	ND	Lone Tree 6	17-006	New England	ND	New England 9	21-009	Willow City	ND	Willow City 13	05-013
Goodrich	ND	Goodrich 16	42-016	New Leipzig	ND	New Leipzig 15	19-015	Wilton	ND	Montefiore 1	28-001
Grafton	ND	Grafton 3	50-003	New Rockford	ND	New Rockford 1	14-001	Wimbledon	ND	Wimbledon CT 82	02-082
Grand Forks	ND	Grand Forks 1	18-001	New Salem	ND	New Salem 7	30-007	Wing	ND	Wing 28	08-028
		Air Force Base 140	18-140	New Town	ND	New Town 1	31-001	Wishek	ND	Wishek 19	26-019
Granville	ND	Granville 25	25-025	Newburg	ND	Newburg United 54	05-054	Wolford	ND	Wolford 1	35-001
Grenora	ND	Grenora 99	53-099	Northwood	ND	Northwood 129	18-129	Wyndmere	ND	Wyndmere 42	39-042
Gwinner	ND	N Sargent 3	41-003	Oakes	ND	Oakes 41	11-041	Zeeland	ND	Zeeland 4	26-004
Hague	ND	Bakker 10	15-010	Oberon	ND	Oberon 16	03-016				

Where To Get Forms And Assistance

- **Telephone Numbers:**

(8:00 a.m. - 5:00 p.m., Central Time, Monday - Friday, except holidays)

Within North Dakota (toll free):	1-800-638-2901	* TDD users: 1-800-453-8950
Bismarck-Mandan area:	328-3450	* TDD users: 328-2778
Outside North Dakota:	1-701-328-3450	* TDD users: 1-701-328-2778

* Telecommunications device for the hearing or speech impaired.

- **Address:** Office of State Tax Commissioner
State Capitol
600 E. Boulevard Avenue
Bismarck, ND 58505-0599

- **Schedules of walk-in service locations**

For your information and convenience, and in cooperation with the Internal Revenue Service, the following schedules are provided so that we can serve you better.

North Dakota Taxpayer Assistance Schedule

<u>City</u>	<u>Location</u>	<u>Dates</u>	<u>Times</u>
Bismarck	State Capitol, 16th Floor 600 E. Blvd. Ave.	Monday thru Friday January thru December	8:00 AM - 5:00 PM
Dickinson	Dickinson Tax Office Pulver Hall Dickinson State Univ.	February 3, 10 and 24 March 3, 10, 17, 24 and 31 April 7 and 14	8:30 AM - 4:30 PM
Fargo	Fargo Tax Office 3309 Fiechtner Dr. SW	Monday thru Friday January 21 thru April 15	12:00 Noon - 4:00 PM
Minot	Minot Tax Office Arrowhead Shopping Center 1600 2nd Ave. SW	February 3, 10 and 24 March 3, 10, 17, 24 and 31 April 7 and 14	8:30 AM - 4:30 PM

You must bring a copy of your completed Federal income tax return with you to obtain assistance in preparing your North Dakota return.

Internal Revenue Service Assistance Schedule

<u>City</u>	<u>Location</u>	<u>Dates</u>	<u>Times</u>
Bismarck	Federal Building Rm. 333 220 E. Rosser Ave	Monday thru Friday January thru December	8:30 AM - 11:00 AM 12:00 Noon - 4:00 PM
Fargo	Federal Building Rm. 470 657 2nd Ave N	Monday thru Friday January thru December	8:00 AM - 4:30 PM
Grand Forks	Federal Building Rm. 137 102 N 4th St.	Monday thru Friday January thru December	9:00 AM - 1:00 PM 2:00 PM - 4:30 PM

Additional assistance will be provided during the income tax filing season. Times, dates and locations will be publicized.

Telephone Service:

Tax Information and Notice Inquiries	1-800-829-1040
Forms and Publications Orders	1-800-829-3676
Recorded Tax and Refund Information	1-800-829-4477